GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2070
ANSWERED ON:28.11.2016
DBT in Kerosene
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the subsidy on kerosene oil under Public Distribution System (PDS) has decreased tremendously during the current year as compared to previous years and if so, the details thereof along with any proposal to increase the price of kerosene and to waive the kerosene fuel subsidy to the States in a phased manner;
(b) whether the Government has plans to transfer kerosene subsidy directly to beneficiary account by linking Aadhaar card in order to check the bogus consumers and if so, the details thereof;
(c) whether the Government has launched/proposes to launch the Direct Benefit Transfer in Kerosene (DBTK) and if so, the details thereof along with the norms/criteria and number of States covered including quantum of funds transferred under DBTK so far, State/UT-wise;
(d) whether the State Governments has increased the commission of wholesale kerosene dealers after the recommendations of the Union Government in this regard and if so, the details thereof, State/UT-wise;
(e) whether there is any proposal to open non-PDS outlets by Oil Marketing Companies in the country and if so, the details thereof, State/UT-wise; and
(f) the steps taken by the Government to encourage States to take new domestic LPG connection in rural areas as against kerosene for fuel?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI DHARMENDRA PRADHAN)
(a): The total subsidy/under recovery on petroleum products since 2013-14 is given below:
(Rs. crore)

Particular	2013-14	2014-15	2015-16	H1 2016-17
PDS Kerosene	31255	24804	11496	4123

As the periodical revisions, approved by EGoM in June 2010 was not put in practice, one time increase in prices by Rs. 3.23/litre (excluding VAT) would have a large impact on the consumers. Therefore, to reduce the impact on consumers, it has been decided to authorize Public Sector Oil Marketing Companies (OMCs) to increase the Retail Selling Prices of PDS Kerosene by 25 paisa per litre per fortnight (excluding VAT as applicable in different State/Union Territories) during the period from 01st September 2016 to 31st January 2017 and Rs.0.23/litre on 1st February 2017.
(b): Ministry of Petroleum & Natural Gas had sent communication to all States/ UTs proposing implementation of Direct Benefit Transfer in PDS Kerosene (DBTK) Scheme. Under the DBTK Scheme, PDS Kerosene is sold to the identified beneficiaries at non-subsidized rates and the applicable subsidy is directly transferred into the bank account of the beneficiaries. As per the provisions of the DBTK Scheme, 2016, "Each beneficiary will have a Aadhaar number with linked bank account and digitized ration card ID through which subsidy can be transferred directly to the linked bank account. In case an Aadhaar number is not assigned to a consumer, the consumer shall be offered alternate and viable means of identification for delivery of subsidy".
(c): Jharkhand has become the first State in the country to implement DBTK from 01.10.2016 in four districts namely; Chhatra, Hazaribagh, Jamtara and Khunti. Further, State Governments of Gujarat, Madhya Pradesh, Chhatisgarh, Maharashtra, Rajasthan and Himachal Pradesh have indicated their willingness to implement DBTK.
The States/UTs who are voluntarily agreeing to undertake cuts in their kerosene allocation, beyond the savings due to DBT (Direct Benefit Transfer), cash incentive of 75% of savings towards subsidy during the first two years, 50% in the third year and 25% in the fourth year would be given. The calculation will be based on net savings in kerosene consumption at State level from the baseline. The baseline for calculation of savings shall be 90% of the 2015-16 allocation. An amount of Rs. 226.54 lakh has been provided by the Public Sector Oil Marketing Companies (OMCs) to the nominated Bank of the State Government of Jharkhand towards transfer of applicable subsidy amount to the bank account of the eligible ration card holders of 4 districts of Jharkhand where the DBTK Scheme has been implemented with effect from 01.10.2016. Also, cash incentive of Rs. 16,84,00,000/- has been released to the State Government of Karnataka for the period April to June, 2016, towards voluntary cut in their PDS Kerosene allocation for the Financial Year 2016-17. Similarly, cash incentive of Rs. 3,86,22,600/- and Rs. 3,11,22,630/- has been release to the
State Governments of Haryana and Telangana respectively, for the period April to June, 2016, towards voluntary cut in their PDS Kerosene allocation for the Financial Year 2016-17.

(d): The Government has revised Dealers' Commission on PDS Kerosene w.e.f. 28th October, 2016. The revised rates of wholesale Dealer Commission by Government serve as guidelines for State/District and local authorities for fixing the retail (consumer) selling price of kerosene in urban/semi urban and rural areas. (e): With a view to ease the availability of Kerosene, the Central Government has amended the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993 allowing sale of Kerosene at commercial rate in the open market. It is expected that this will reduce demand for diverted PDS Kerosene by improving availability of non-PDS Kerosene in the open market and will thus meet the demand of Kerosene for various legitimate end uses for the industry and for individual consumption by those who can afford it at market price. Accordingly, OMCs have allowed existing Kerosene dealers (wholesalers) of OMC's to market white Kerosene (non-PDS Kerosene) to small consumers. Revised procedure for making white Kerosene available to the interested Kerosene wholesalers has been prepared by OMCs and made available to all Kerosene dealers. Moreover the State Level Co-ordinator of OMCs have sent communication to the respective State Governments to nominate and authorize one or more existing Kerosene wholesalers to market Non PDS Kerosene wherever demand exists. Further Ministry of Petroleum and Natural Gas has also advised the State Governments to consider suitable steps for allowing marketing of Non PDS Kerosene in their area of operation. Some State Governments have already permitted existing Kerosene wholesalers/private entities/Government bodies to market Non PDS Kerosene".

(f): States/UTs would be encouraged to undertake voluntary cuts in their annual allocation of PDS Kerosene quota. The States/UTs who are voluntarily agreeing to undertake cuts in their kerosene allocation, beyond the savings due to DBT (Direct Benefit Transfer), cash incentive of 75% of savings towards subsidy during the first two years, 50% in the third year and 25% in the fourth year would be given. The calculation will be based on net savings in kerosene consumption at State level from the baseline. The baseline for calculation of savings shall be 90% of the 2015-16 allocation. The cash incentive may be used for promoting rural electrification and solar home systems in un-electrified and under-electrified areas. Further, the Union Government, as a part of its commitment to provide clean cooking fuel solution to rural masses, initiated several measures to increase LPG coverage aided by Corporate Social Responsibility (CSR) funds and also launch of Pradhan Mantri Ujjwala Yojana to provide 5 crore connection to Below Poverty Line (BPL) households over a period of three years. These measures have reduced the demand for kerosene both for lighting and cooking purposes.

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